HOUSING MARKET INFORMATION

HOUSING MARKET OUTLOOK
Quebec Region Highlights

CANADA MORTGAGE AND HOUSING CORPORATION

Date Released: Fourth Quarter 2012

Housing Market Forecast

Figure 1

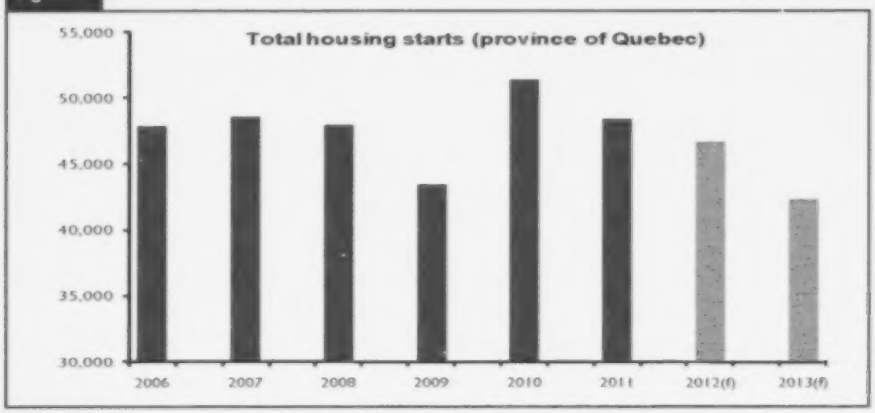
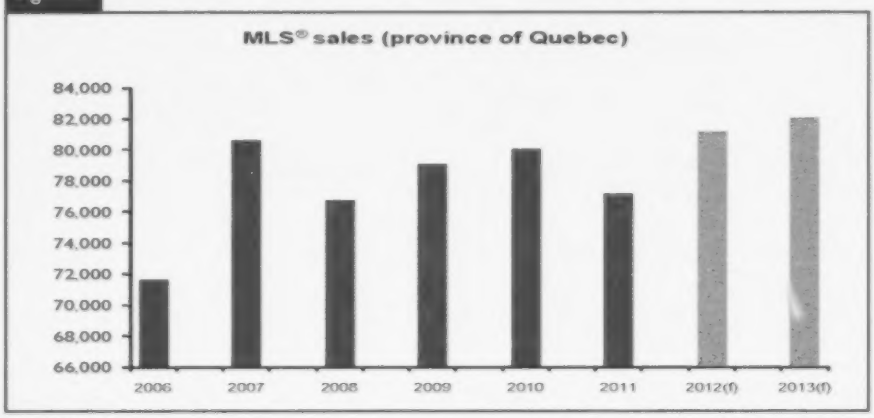


Figure 2



Source: CMHC

[1] The outlook is subject to uncertainty. Although point forecasts are presented in this publication, CMHC also presents forecast ranges and risks where appropriate. The forecasts included in this document reflect information available as of October 17, 2012.

Overview[1]

In Quebec, slower economic growth will be partly offset by still-favourable borrowing conditions and demographic trends.

Demographic factors will help sustain the province's housing markets. Sustained net migration to the province will continue to have a positive impact on demand in the rental and resale markets, as migration flows are expected to remain stable over the coming years.

Population aging, on the other hand, will have a growing impact on the dynamics of the housing market in Quebec, as older households are expected to re-enter the market in response to their changing housing needs.

However, the lingering climate of uncertainty regarding the economic outlook abroad will maintain a cautious attitude domestically and translate into relatively mild household spending and employment growth in the province over the forecast horizon. This environment will lead to continued moderation in housing starts in the last quarter of 2012 and in 2013.

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In Detail

Single Starts

In 2012, slower job growth, the recent easing of the resale market and the continuing trend toward a greater share of multiple dwelling starts continued to bring down single starts. As a result, single starts are expected to decline 4 per cent to 15,900 units. A similar decline of 5.7 per cent is expected in 2013, to 15,000 units.

The rising popularity of the more affordable multi-family homes and the trend toward higher-density land use will continue to cool this market segment in the years to come.

Multiple Starts

Despite the popularity of condominium apartments, supply in this market segment has remained strong relative to demand in recent years. Following sustained construction in the first half of 2012, starts of multi-family dwellings are expected to settle back down to a rate more in line with demand over the forecast period. As a result, multiple starts are expected to decline 3.2 per cent to 30,800 units in 2012, followed by a decline of 11.4 per cent to 27,300 units in 2013.

Quebec Region Housing Forecast - Rental Market

	Vacancy Rate		Average Rent 2-Bedroom Units	
	Oct 2011	Oct 2012(F)	Oct 2011	Oct 2012(F)
Gatineau	2.2	2.5	731	745
Montréal	2.5	2.3	719	730
Québec	1.6	1.8	718	730
Saguenay	1.4	1.0	557	570
Sherbrooke	4.7	4.8	577	580
Trois Rivières	3.9	5.0	547	560
Canada	2.5	2.2	n/a	n/a

Source: CMHC Fall Rental Market Survey
(F) = CMHC Forecast
[1] All centres 100,000+

Resales

MLS® sales are expected to record a gain of 2 per cent to 78,700 sales in 2012 and a similar gain of 1.4 per cent to 79,800 sales in 2013. Besides the overall economic impacts discussed previously, the ever-growing housing stock will sustain, as it typically does, sales volumes.

Prices

Relatively stable sales of existing homes, combined with rising new listings, has taken some pressure off price growth in recent quarters and should continue to do so over the forecast horizon. With a return to more balanced conditions, price growth in the resale market will continue to moderate in 2012 and 2013. Following a gain of 8.4 per cent in 2011, the average MLS® price is forecast to rise 3.9 per cent in 2012 to $271,800 and rise 0.8 per cent in 2013 to $274,100.

Mortgage rates

Although there is significant uncertainty, mortgage rates are not expected to change in 2012. Slight increases are expected in 2013, but rates will remain low by historical standards.

According to CMHC's base case scenario, for 2012, the one-year mortgage rate is forecasted to be within 2.75 per cent to 3.50 per cent. For 2013, the one-year posted mortgage rate is expected to rise and be in the 3.00 per cent to 4.00 per cent range, while the five-year posted mortgage rate is forecasted to be within 5.00 per cent to 5.75 per cent, consistent with higher employment and economic growth prospects in 2013.

Trends, transitions and new realities

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Palais des congrès de Montréal

Québec
November 27 2012 • 7:45 a.m. to 11:30 a.m.
Palais Montcalm

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Quebec Region Economic and Housing Indicators

		Labour Market				Housing Market				
		Emp. Growth SA (%)	Unemp. Rate SA (%)	Average Weekly Earnings ($)		Total Starts	Single-Detached Starts	Multiple Starts	MLS® Sales	MLS® Average Price ($)
Gatineau	Q3 2012	-0.8	6.1	922.80	Q3 2012	619	211	408	841	244,459
	Q3 2011	2.0	6.4	873.56	Q3 2011	469	198	271	947	235,723
	Change[1]	-2.8	-0.3	5.6%	% Change	32.0	6.6	50.6	-11.2	3.7
Montréal	Q3 2012	1.5	8.2	813.04	Q3 2012	5,648	981	4,667	7,175	332,565
	Q3 2011	0.0	8.0	775.61	Q3 2011	5,894	1,119	4,775	7,755	317,920
	Change[1]	1.5	0.2	4.8%	% Change	-4.2	-12.3	-2.3	-7.5	4.6
Québec	Q3 2012	-3.8	5.4	813.93	Q3 2012	1,895	260	1,635	1,288	262,766
	Q3 2011	3.3	4.5	771.71	Q3 2011	1,179	334	845	1,499	242,459
	Change[1]	-7.1	0.9	5.5%	% Change	60.7	-22.2	93.5	-14.1	8.4
Saguenay	Q3 2012	10.1	7.2	790.48	Q3 2012	223	126	97	303	183,866
	Q3 2011	-4.9	6.5	735.92	Q3 2011	212	121	91	316	177,837
	Change[1]	14.9	0.7	7.4%	% Change	5.2	4.1	6.6	-4.1	3.4
Sherbrooke	Q3 2012	-1.2	8.5	748.65	Q3 2012	350	188	162	343	227,083
	Q3 2011	4.0	7.0	732.96	Q3 2011	358	160	198	344	216,971
	Change[1]	-5.3	1.5	2.1%	% Change	-2.2	17.5	-18.2	-0.3	4.7
Trois Rivières	Q3 2012	-2.3	7.8	770.09	Q3 2012	183	79	104	208	151,230
	Q3 2011	2.4	8.8	736.89	Q3 2011	288	93	195	208	154,256
	Change[1]	-4.7	-1.0	4.5%	% Change	-36.5	-15.1	-46.7	0.0	-2.0
Quebec	September 12	0.8	8.0	793.90	Q3 2012	13,113	4,761	8,352	15,212	276,378
	September 11	0.7	7.4	760.76	Q3 2011	13,051	4,586	8,465	16,155	263,533
	Change[1]	0.1	0.6	4.4%	% Change	0.5	3.8	-1.3	-5.8	4.9
Canada	September 12	1.0	7.4	872.65	Q3 2012	60,338	24,896	35,442	109,228	353,020
	September 11	1.8	7.2	839.72	Q3 2011	55,615	24,803	30,812	117,238	353,849
	Change[1]	-0.8	0.2	3.9%	% Change	8.5	0.4	15.0	-6.8	-0.2

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[1]Changes to the Unemployment Rate and Employment Growth represent the **absolute** difference between current rates and the rates for the same period in the previous year.

Sources: Statistics Canada (CANSIM), CMHC (Starts and Completions Survey), CREA, QFREB by Centris®
"SA" means Seasonally Adjusted

NOTE: Some of the data in this table, such as the MLS® sales and average price for Q4, became available after the cut-off date of January 18th 2012. As a result, this data was not considered for the forecast.

Quebec Housing Market Outlook (units and percentage change)												
	2007	2008	2009	2010	2011	2012(F)	2013(F)	2012Q4 (F)	2013Q1 (F)	2013Q2 (F)	2013Q3 (F)	2013Q4 (F)
Housing Starts:												
Single	22,177	19,778	17,535	19,549	16,554	15,900	15,000	15,000	15,250	15,000	15,000	14,750
%	1.2	-10.8	-11.3	11.5	-15.3	-4.0	-5.7	-9.6	1.7	-1.6	0.0	-1.7
Multiple	26,376	28,123	25,868	31,814	31,833	30,800	27,300	29,000	28,000	27,500	27,000	26,500
%	1.6	6.6	-8.0	23.0	0.1	-3.2	-11.4	-11.2	-3.4	-1.8	-1.8	-1.9
Total	48,553	47,901	43,403	51,363	48,387	46,700	42,300	44,000	43,250	42,500	42,000	41,250
%	1.4	-1.3	-9.4	18.3	-5.8	-3.5	-9.4	-10.7	-1.7	-1.7	-1.2	-1.8
Existing Home Markets:												
MLS® Sales	80,647	76,752	79,108	80,028	77,171	78,700	79,800	77,000	78,000	79,000	80,000	82,000
%	12.6	-4.8	3.1	1.2	-3.6	2.0	1.4	1.3	1.3	1.3	1.3	2.5
MLS® Average Price	207,531	215,323	225,368	241,456	261,638	271,800	274,100	272,500	273,000	274,000	274,000	276,000
%	6.3	3.8	4.7	7.1	8.4	3.9	0.8	-0.8	0.2	0.4	0.0	0.7

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Source: CMHC (Starts and Completions Survey), CREA

Some of the data in this table, such as the MLS(R) sales and average price for Q4, became available after the cut-off date of January 18th 2012. As a result, this data was not considered for the forecast.

All data in this table, except the MLS (R) average price, is seasonally adjusted at annual rates. The MLS (R) average price data is actual.

Quebec Region - Housing Forecast Ranges

	2012			2013		
	Point Forecast	**High Forecast**	**Low Forecast**	**Point Forecast**	**High Forecast**	**Low Forecast**
Quebec						
Housing Starts	46,700	47,200	46,200	42,300	45,700	38,900
Multiple	30,800	31,100	30,500	27,300	29,400	25,200
Single	15,900	16,100	15,700	15,000	16,300	13,700
MLS® Sales	78,700	80,000	77,400	79,800	84,600	75,000
MLS® Average Price ($)	271,800	273,200	270,400	274,100	279,600	268,600
Canada						
Housing Starts	213,700	216,600	210,800	193,600	209,900	177,300
Multiple	130,100	131,600	128,600	111,100	120,000	102,200
Single	83,600	85,000	82,200	82,500	89,900	75,100
MLS® Sales	457,400	465,600	449,200	461,500	489,700	433,300
MLS® Average Price ($)	365,100	367,000	363,200	370,500	377,900	363,100

Sources : CMHC

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Quebec Region Housing Forecast - New Construction

	Housing Starts	2011	2012(F)*	% chg (2011/2012)	2013(F)*	% chg (2012/2013)	YTD 2012**	YTD 2011**	% chg (2011/2012)
Gatineau	Single-Detached	784	725	-7.5	675	-6.9	545	589	-7.5
	Multiple	1,636	1,950	19.2	1,625	-16.7	1,565	1,126	39.0
	Total	2,420	2,675	10.5	2,300	-14.0	2,110	1,715	23.0
Montréal	Single-Detached	4,653	4,000	-14.0	3,900	-2.5	3,026	3,530	-14.3
	Multiple	18,066	16,100	-10.9	14,900	-7.5	12,177	12,634	-3.6
	Total	22,719	20,100	-11.5	18,800	-6.5	15,203	16,164	-5.9
Québec	Single-Detached	1,349	1,200	-11.0	1,100	-8.3	938	1,064	-11.8
	Multiple	4,096	4,880	19.1	3,900	-20.1	3,970	3,002	32.2
	Total	5,445	6,080	11.7	5,000	-17.8	4,908	4,066	20.7
Saguenay	Single-Detached	475	375	-21.1	350	-6.7	311	385	-19.2
	Multiple	384	725	88.8	500	-31.0	413	284	45.4
	Total	859	1,100	28.1	850	-22.7	724	669	8.2
Sherbrooke	Single-Detached	557	600	7.7	550	-8.3	506	416	21.6
	Multiple	1,018	1,050	3.1	1,000	-4.8	776	781	-0.6
	Total	1,575	1,650	4.8	1,550	-6.1	1,282	1,197	7.1
Trois Rivières	Single-Detached	335	330	-1.5	330	0.0	234	231	1.3
	Multiple	779	670	-14.0	470	-29.9	514	470	9.4
	Total	1,114	1,000	-10.2	800	-20.0	748	701	6.7

Source: CMHC (Starts and Completions Survey)
(F) = CMHC Forecast
* Although point forecasts are provided in this table, please refer to the "Housing Forecast Range" table to get the relevant ranges.
** YTD = January - September

Quebec Region Housing Forecast - Resale Market

		2011	2012(F)*	% chg (2011/2012)	2013(F)*	% chg (2012/2013)	YTD 2011*	YTD 2012*	% chg (/)
Gatineau	MLS® Sales[†]	3,859	3,850	-0.2	3,825	-0.6	3,061	3,136	2.5
	MLS® Avg. Price[†]	234,268	242,500	3.5	248,500	2.5	234,711	241,937	3.1
Montreal	MLS® Sales[†]	40,362	40,700	0.8	41,500	2.0	31,532	32,660	3.6
	MLS® Avg. Price[†]	314,013	326,500	4.0	333,100	2.0	311,484	325,255	4.4
Québec	MLS® Sales[†]	7,201	7,350	2.1	7,500	2.0	5,557	5,775	3.9
	MLS® Avg. Price[†]	247,138	260,000	5.2	270,000	3.8	245,118	259,030	5.7
Saguenay	MLS® Sales[†]	1,357	1,400	3.2	1,450	3.6	1,086	1,158	6.6
	MLS® Avg. Price[†]	178,951	190,000	6.2	198,000	4.2	178,766	187,769	5.0
Sherbrooke	MLS® Sales[†]	1,760	1,770	0.6	1,800	1.7	1,365	1,362	-0.2
	MLS® Avg. Price[†]	215,449	220,000	2.1	225,000	2.3	216,243	216,801	0.3
Trois Rivieres	MLS® Sales[†]	972	1,030	6.0	950	-7.8	756	819	8.3
	MLS® Avg. Price[†]	156,919	159,500	1.6	161,000	0.9	157,315	157,289	0.0

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Sources: CMHC, CREA, QFREB by Centris®, CMHC Forecast 2010-2011

[†] Source for the CMA's : QFREB by Centris®. YTD: January to June

(F) = CMHC Forecast

* Although point forecasts are provided in this table, please refer to the Housing Forecast Range table at the end of this report to get the relevant ranges.

* YTD = January - September

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